



Industry & Regulatory Update

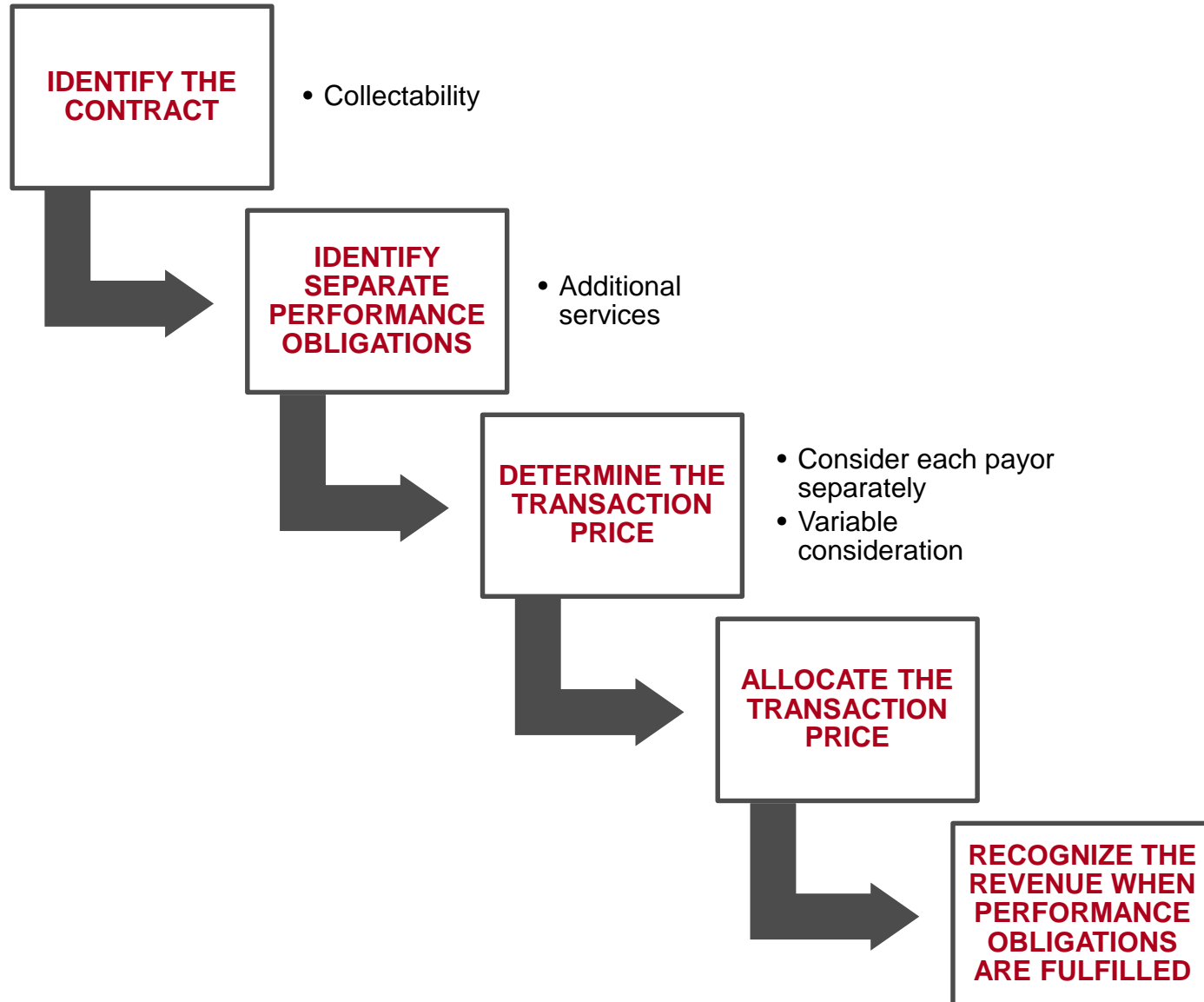
ASU
2014-09

REVENUE
RECOGNITION IMPACT
TO THE INDUSTRY



ASU 2014-09

FIVE STEPS TO DETERMINE REVENUE RECOGNITION



ASU 2016-02 LEASES

TOPIC 842

A lease contract conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.



Leases

EFFECTIVE DATE

PUBLIC ENTITIES*

Fiscal years beginning after December 15, 2018, including interim periods within those fiscal years (CY 2019; FY 2019-2020).

ALL OTHER ORGANIZATIONS

Fiscal year beginning after December 15, 2019 and interim periods beginning after December 15, 2020 (CY 2020; FY 2020-2021).

EARLY APPLICATION

Permitted for all organizations.

** “Public Entities” refers to the following: (1) public business entities, (2) a not-for-profit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and (3) an employee benefit plan that files or furnishes statements with or to the SEC.*

Financing Leases

TYPE 1



Operating Leases

TYPE 2





ASU
2016-14
NOT-FOR-PROFIT
ENTITIES



Overview

KEY CHANGES:

- Net asset classes
- Expense reporting
- Investment return
- Statement of cash flows
- Liquidity and availability

**EFFECTIVE FOR ANNUAL FINANCIAL STATEMENTS
ISSUED FOR FISCAL YEARS BEGINNING AFTER
DECEMBER 15, 2017.**

**SHOULD BE PRESENTED RETROSPECTIVELY IN THE
YEAR THE UPDATE IS FIRST APPLIED.**

Donor Restrictions

WITH AND WITHOUT

CURRENT GAAP

Unrestricted

Temp. Restricted

Perm. Restricted

FUTURE GAAP

Without donor restrictions

With donor restrictions



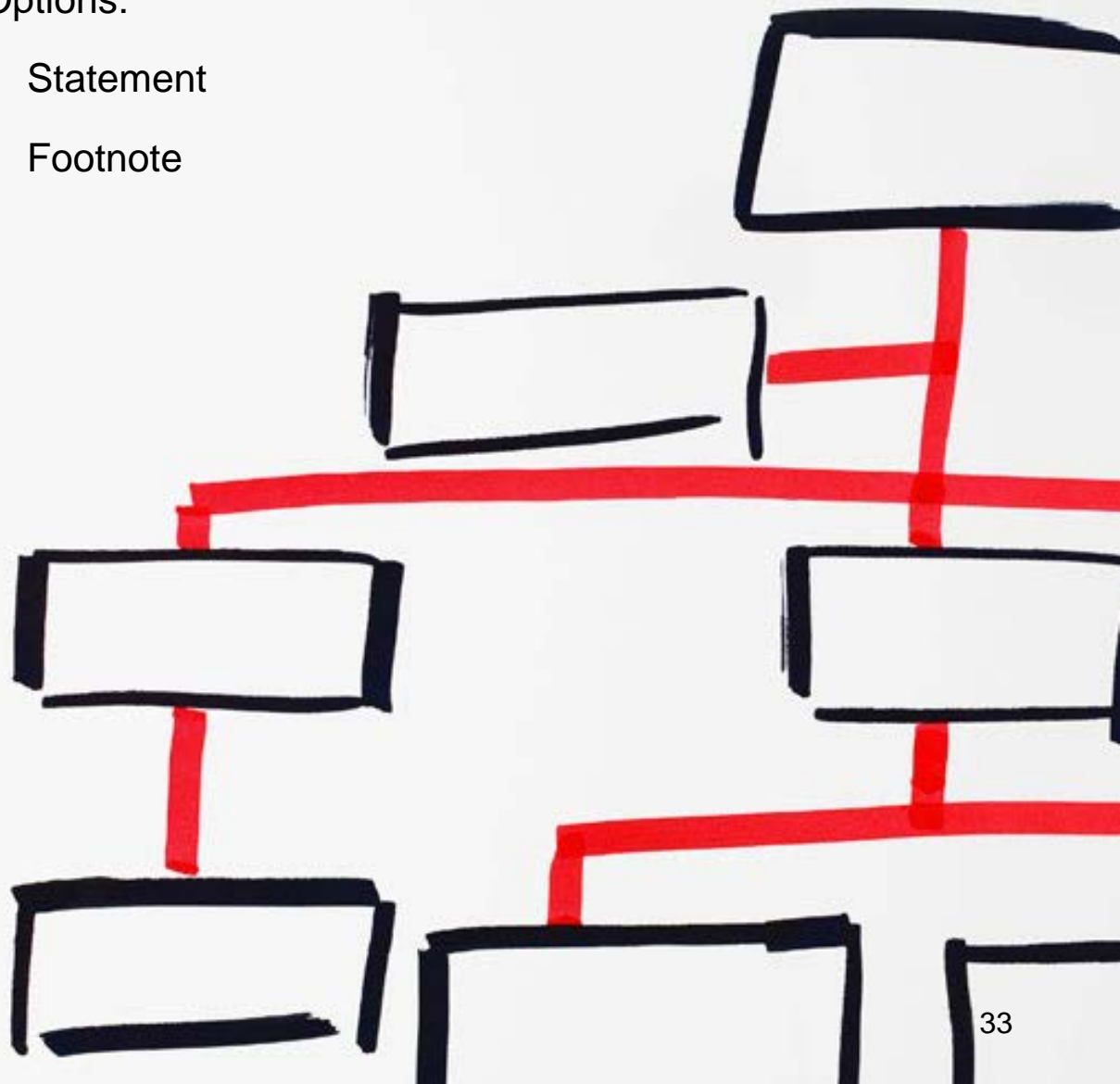
DISCLOSURES

Amount, purpose, and type of board designations

Nature and amount of donor restrictions

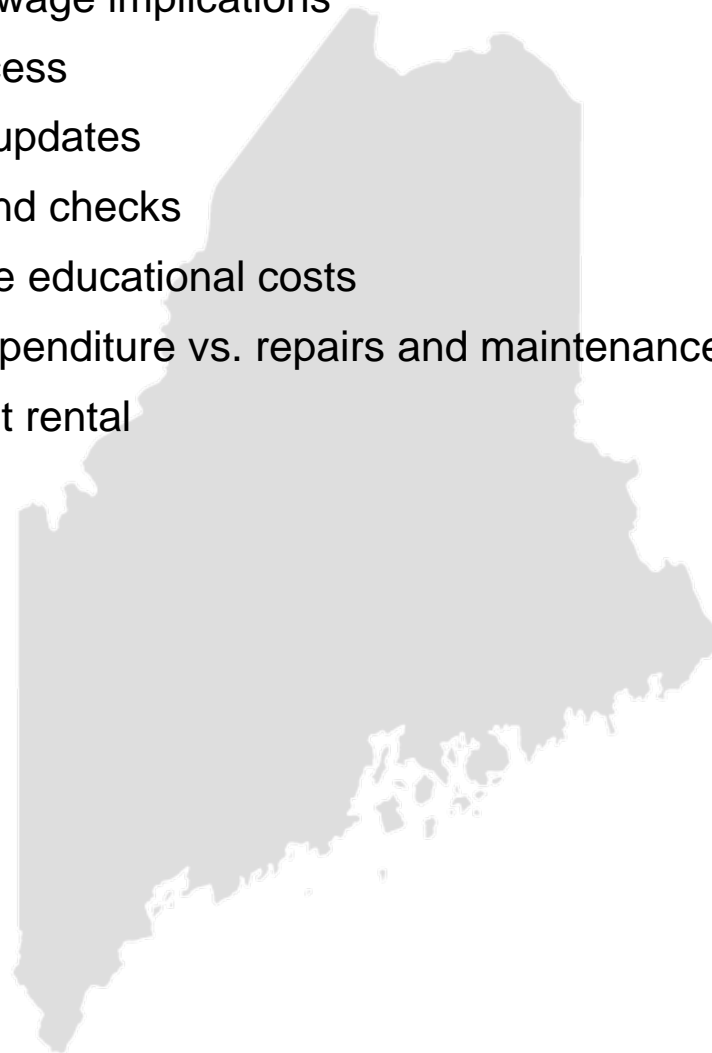
Expense Reporting

- By nature and function
- Options:
 - Statement
 - Footnote



State Initiatives

- Minimum wage implications
- Audit process
- Software updates
- Background checks
- Direct care educational costs
- Capital expenditure vs. repairs and maintenance
- Equipment rental






National Update

2017 WHAT A WHIRLWIND!

COST REPORTING REQUIREMENT

2018 SNF PPS FINAL RULE

- FY2018 Medicare Rate
- Value Based Purchasing Reporting Requirements
- SNF Quality Reporting Program Revisions
- Payment Reform



Value Based Purchasing

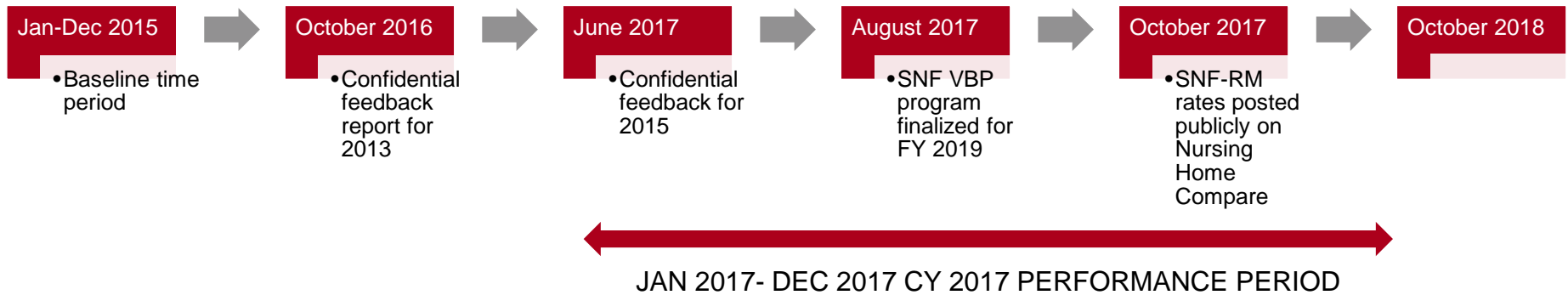
PAMA ACT OF 2014

Links financial outcomes to quality performance.

HOW THE PROGRAM WORKS

- Starting October 1, 2018, Medicare Part A payments will be cut 2% to fund an incentive payment pool.
- 60% of the pool will be returned to providers as an incentive payment.
- Incentives based on managing hospital readmissions.

Value Based Purchasing Timeline





Value Based Purchasing

WHAT SHOULD YOU KNOW NOW?

- CMS is tracking readmission performance rates for stays between January 1, 2017 through December 31, 2017,
- Looking for improvements in readmission rates between CY 2015 and 2017, and
- Readmissions from October 2017 through December 2017 will help determine Medicare cuts assessed for both Fiscal Years 2019 and 2020.

IMPACT Act

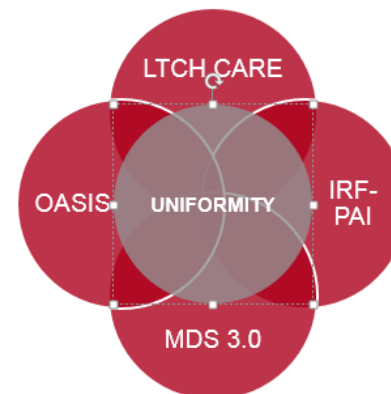
IMPACT ACT OF 2014

Requires submission of standardized quality data.

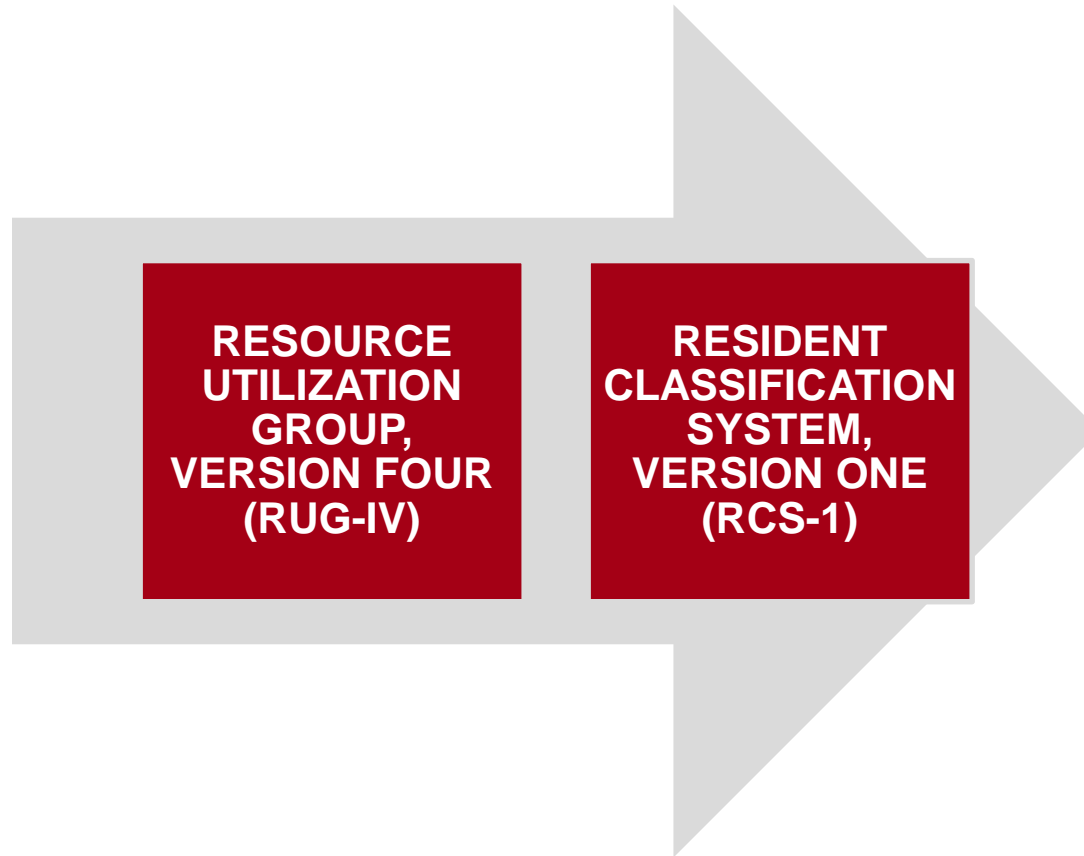
INCLUDES:

- Long-Term Care Hospitals
- Skilled Nursing Facilities
- Home Health Agencies
- Inpatient Rehabilitation Facilities

STANDARDIZATION



CMS 1686-Advanced Notice of Public Rule Making (ANPRM) REVISIONS TO CASE-MIX METHODOLOGY



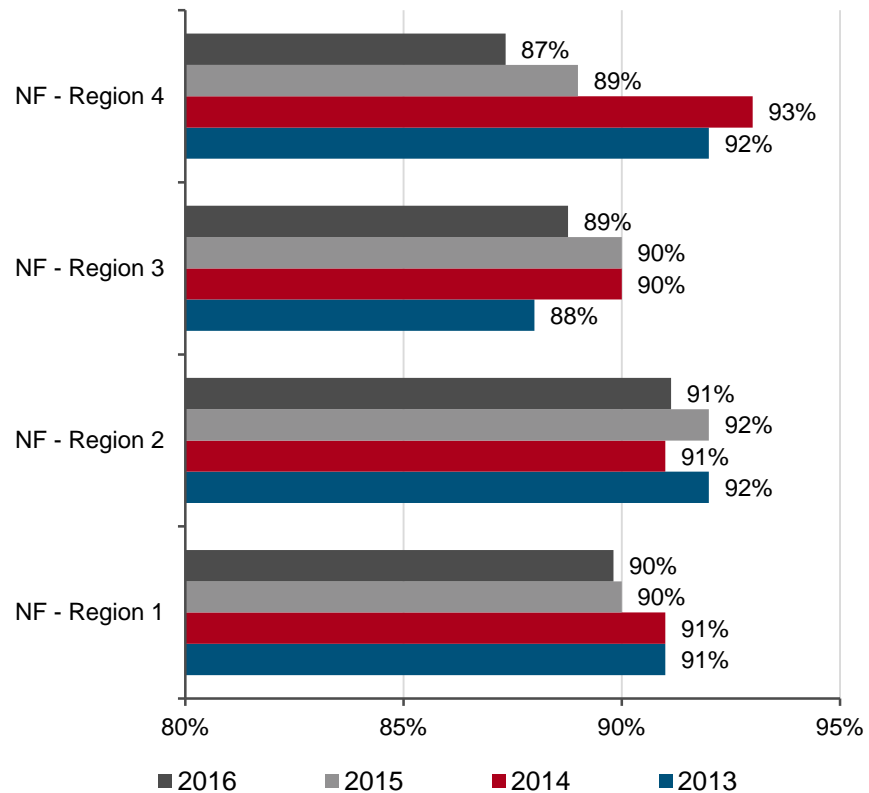
[HTTPS://WWW.CMS.GOV/MEDICARE/MEDICARE-FEE-FOR-SERVICE
PAYMENT/SNFPPS/THERAPYRESEARCH.HTML](https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/TherapyResearch.html)

Key Financial Ratios

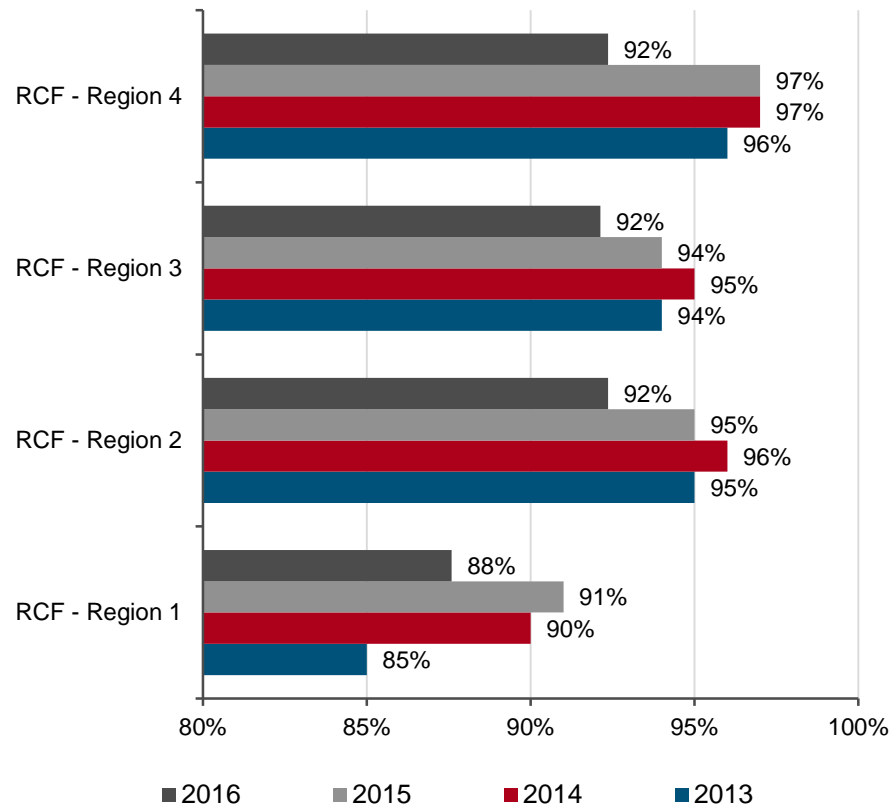
Ratio	2013	2014	2015	2016
Current Ratio	1.58	1.32	1.36	1.31
Days in Accounts Receivable	44	35	38	36
Days Cash on Hand, Non-Restricted Sources	37	36	35	27
Debt Service Coverage	4.59	5.91	6.71	2.46
Total Margin	(.93)%	1.70%	2.47%	(.46)%
Bad Debts Per Patient Day	2.91	3.48	2.29	3.14

Occupancy Percentages

NF Unit

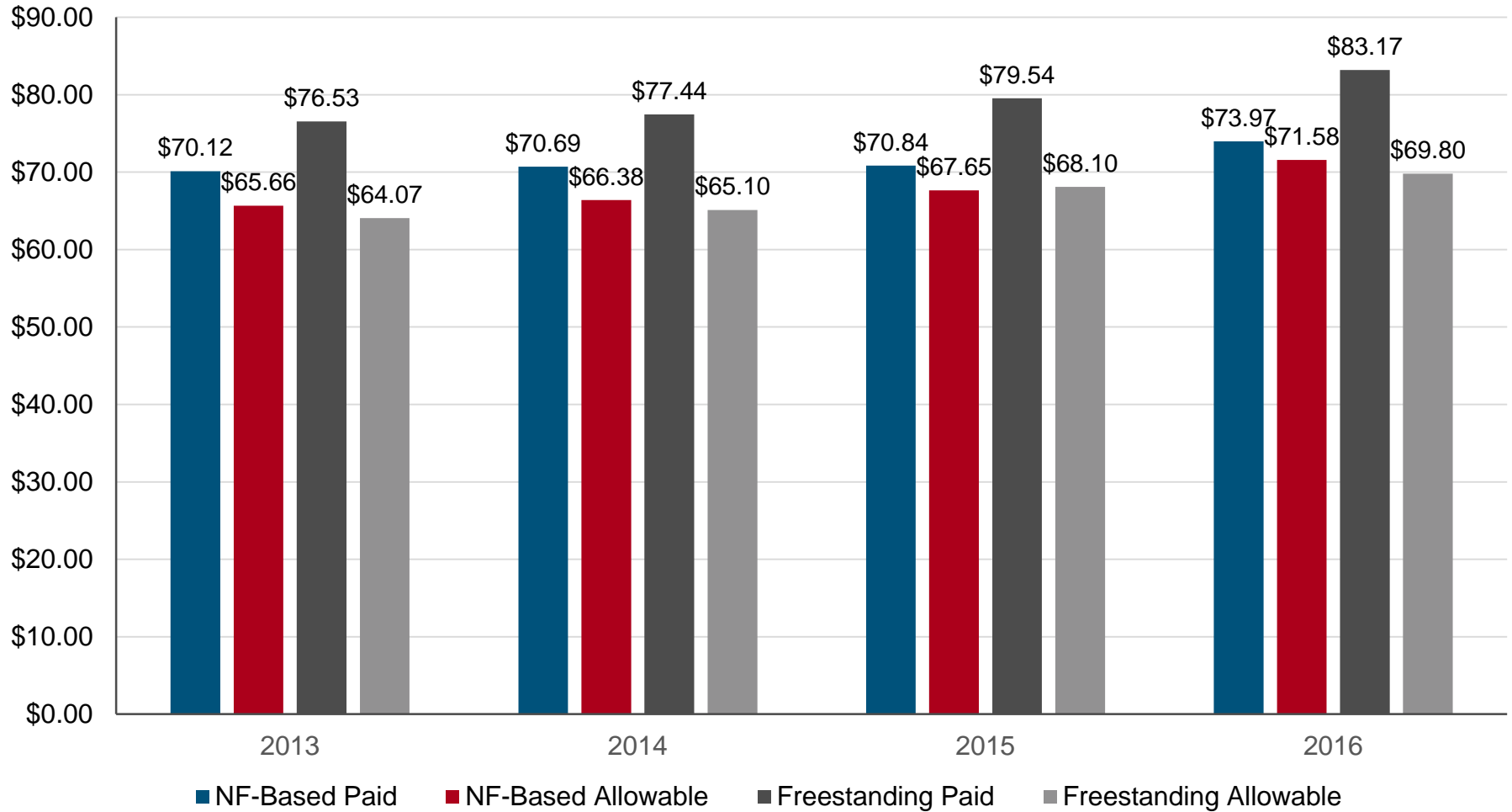


RCF Unit



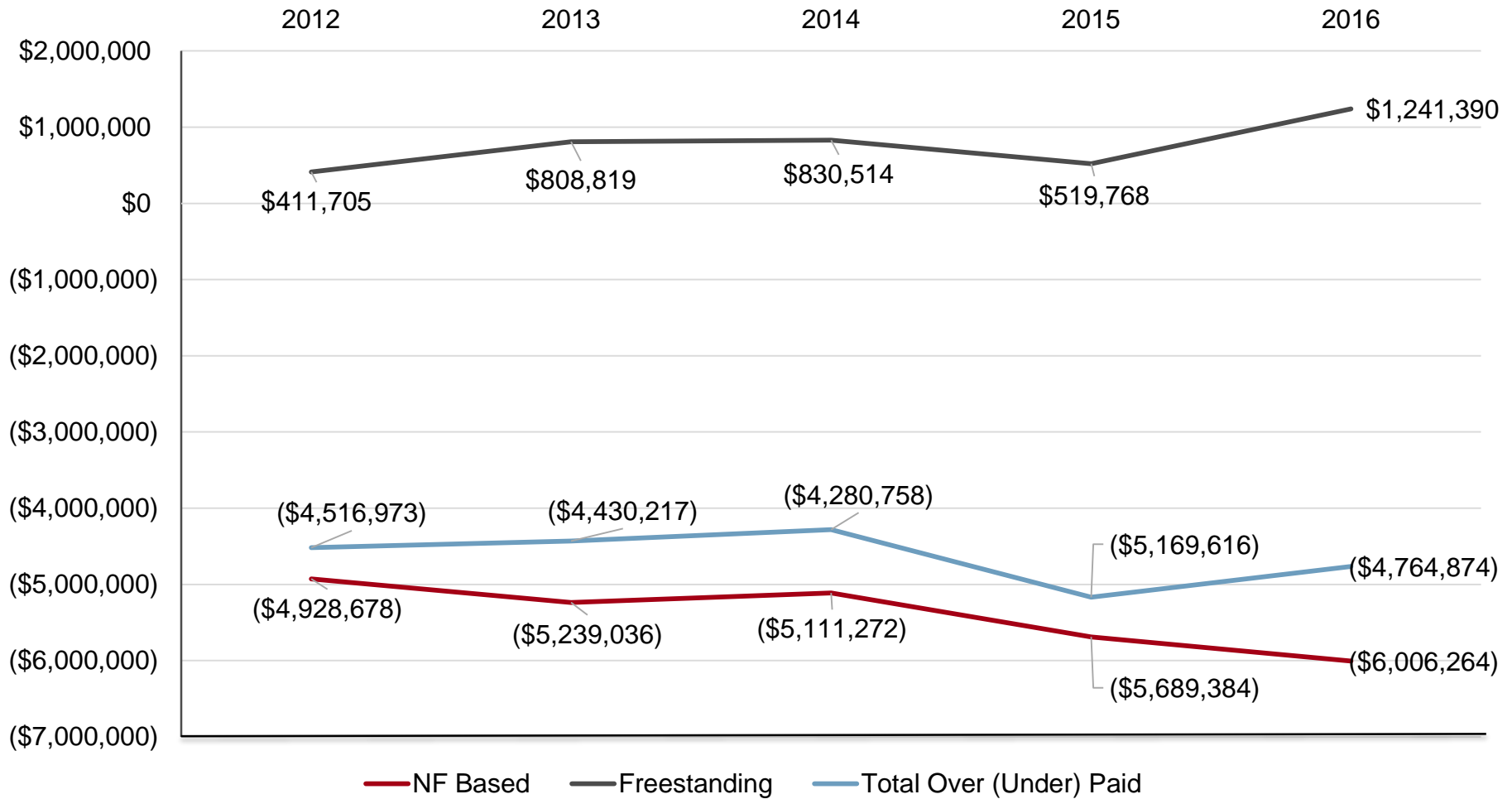
MaineCare RCF

AVERAGE PNMI DIRECT ALLOWABLE COST VS. PAID PER DAY



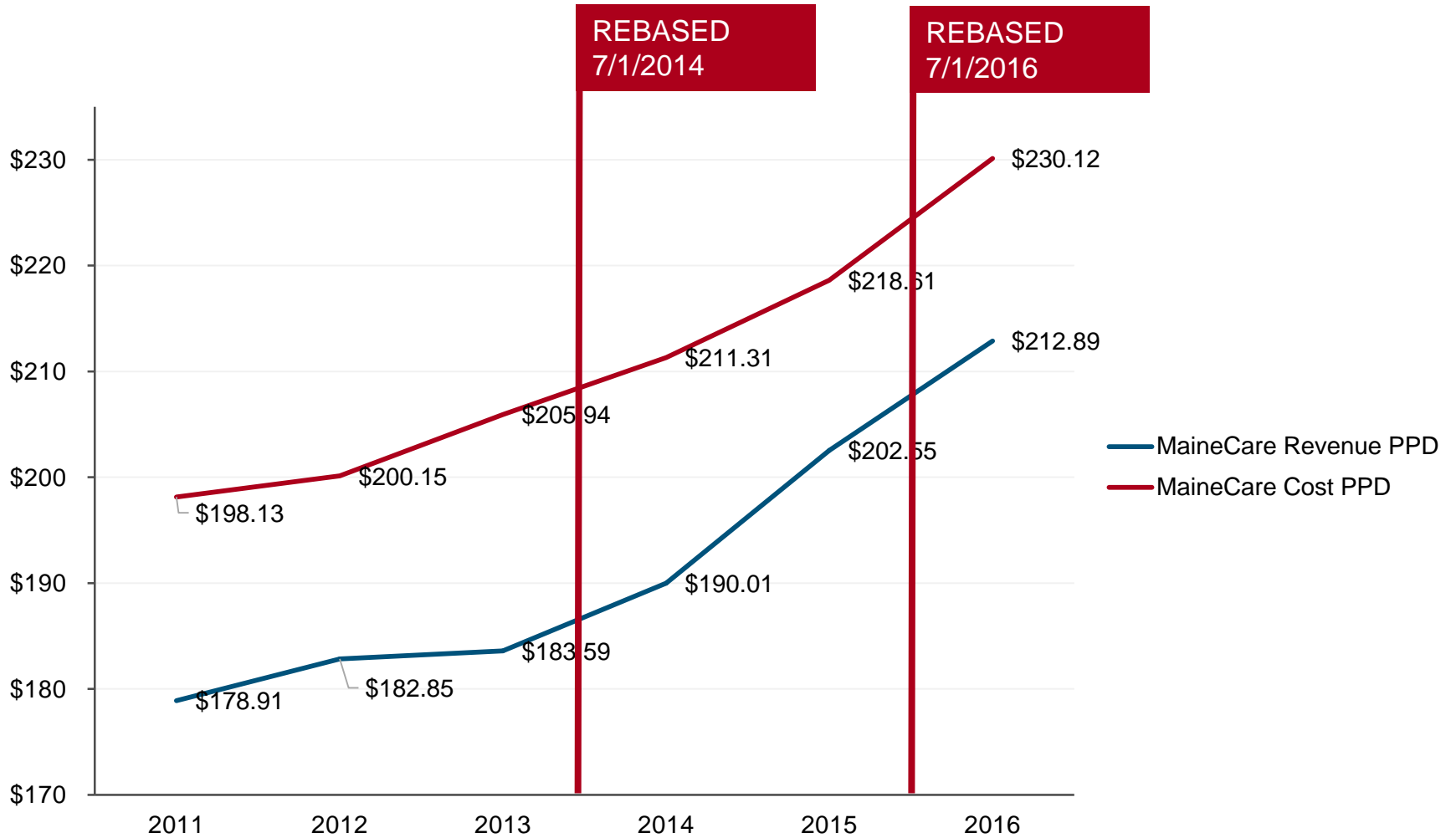
Trending

MAINECARE SHORTFALL - RCF



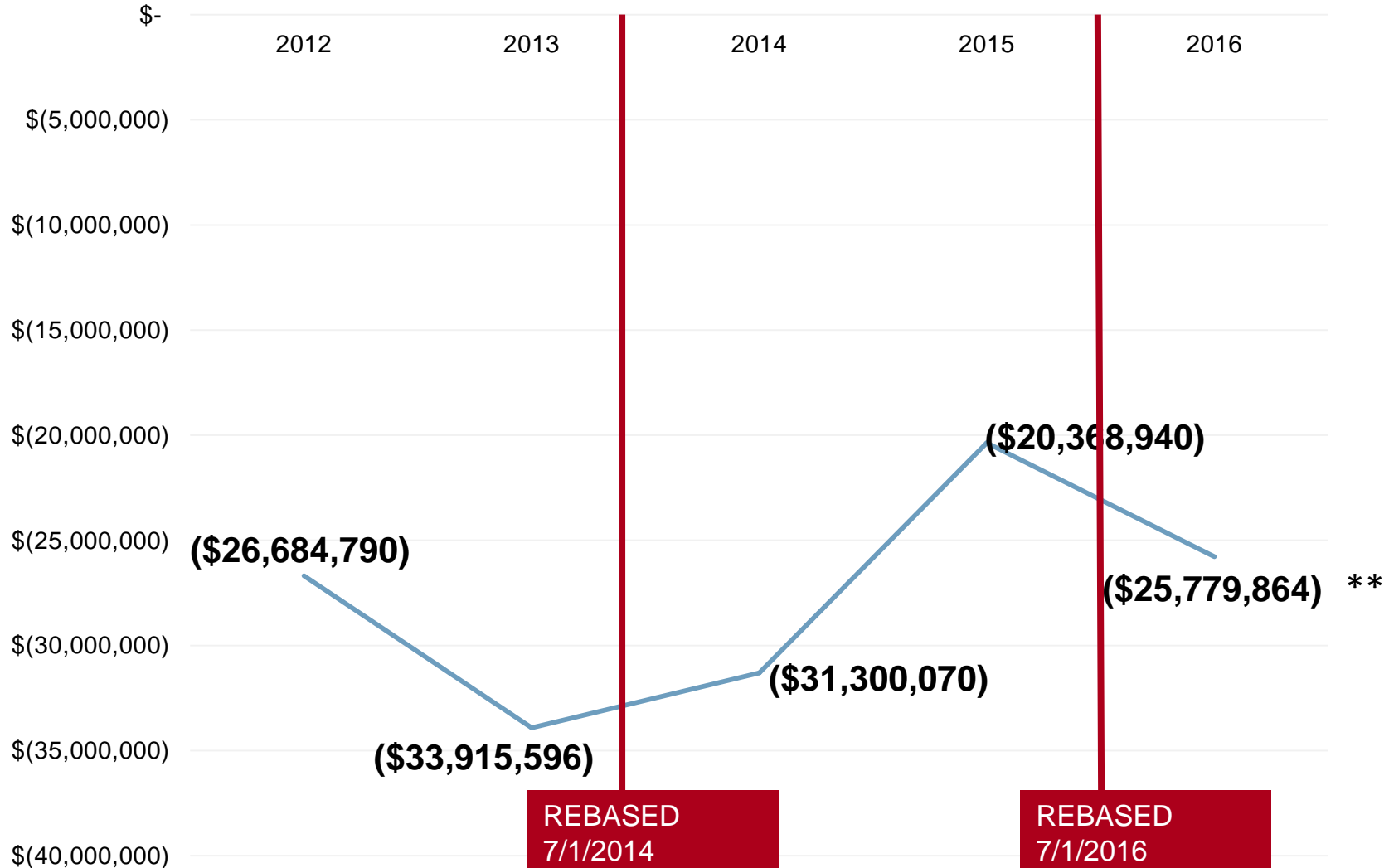
Trending

MAINECARE REVENUE PPD & MAINECARE COST PPD



Industry Trends

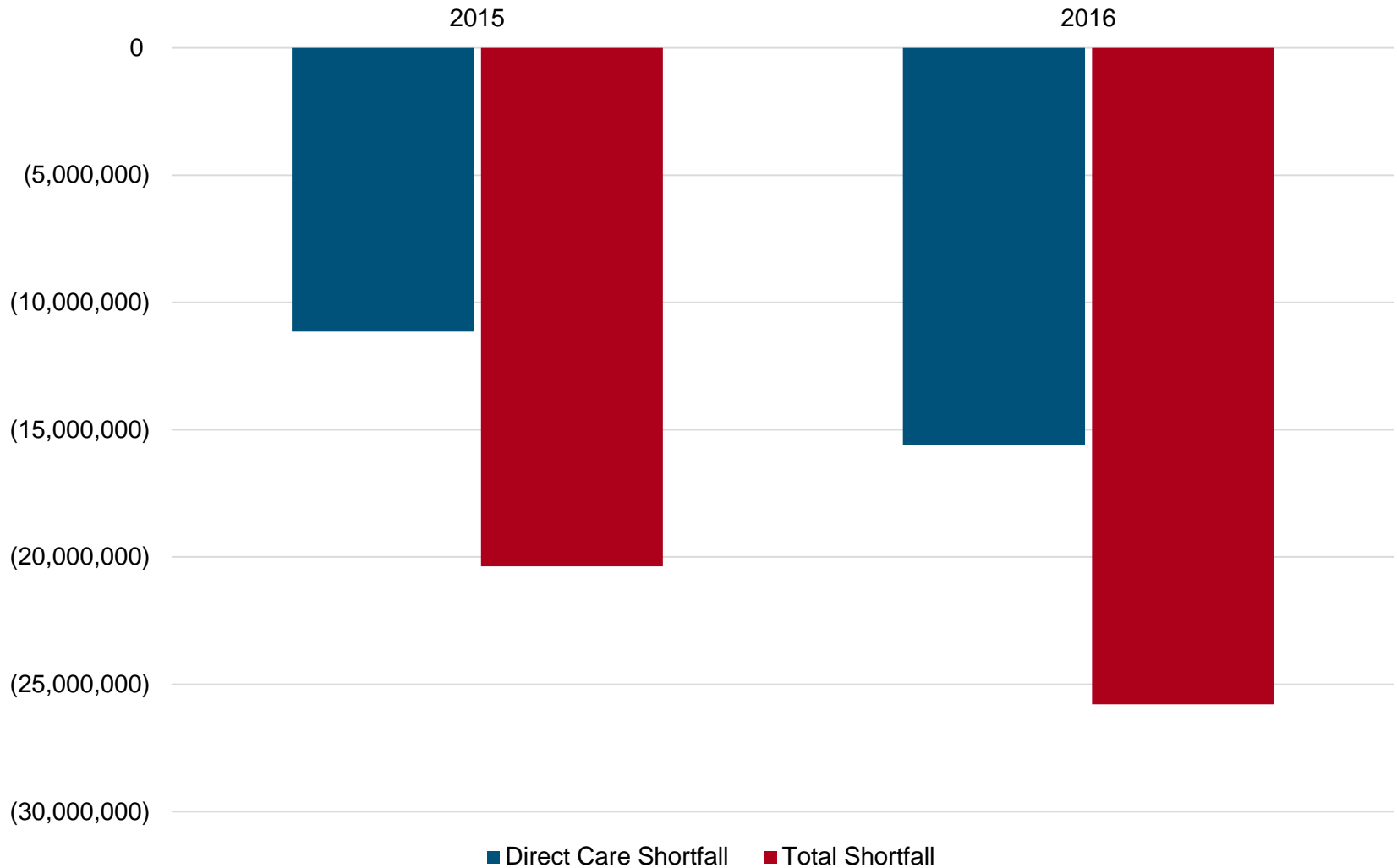
NURSING FACILITY SHORTFALL – MAINECARE ALLOWABLE COSTS VS MAINECARE PAYMENT



** REPRESENTS 8.09% OF TOTAL MAINECARE DOLLARS.

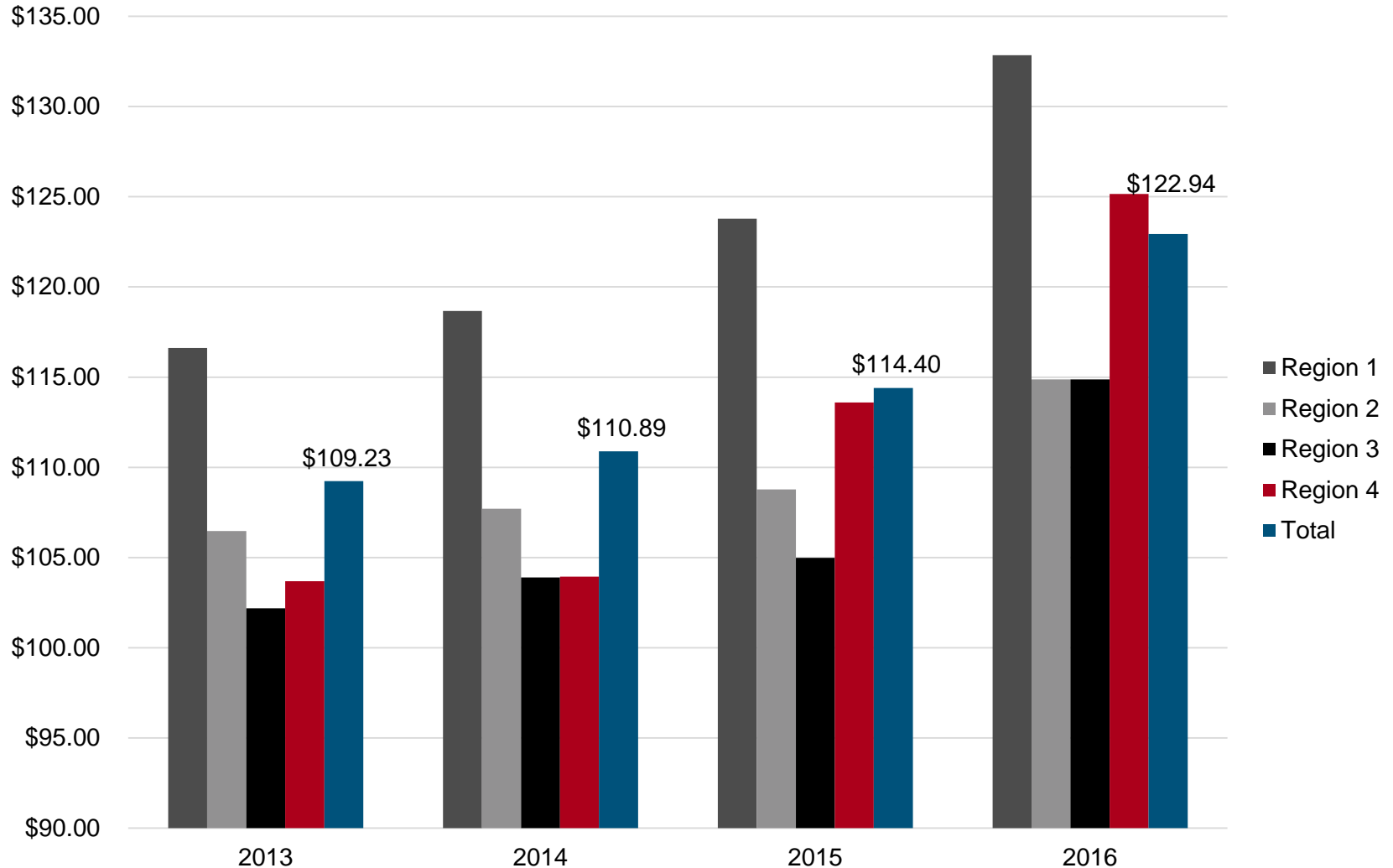
Industry Trends

DIRECT CARE SHORTFALL GROWTH AND TOTAL MAINECARE SHORTFALL GROWTH



Industry Trends

NURSING FACILITY AVERAGE ALLOWABLE DIRECT CARE COST PPD BY REGION AND STATE-WIDE



CONTRACT LABOR COST PER PATIENT DAY INCREASED 285% FROM 2013 TO 2016.

NF UPPER LIMITS &

Median Costs

(1) DIRECT CARE UPPER MEDIAN LIMITS HAVE BEEN CASE-MIX AND WAGE ADJUSTED.

(2) DIRECT CARE UPPER MEDIAN COSTS HAVE NOT BEEN CASE-MIX AND WAGE ADJUSTED.

	2013 UPPER LIMITS (1)		2015 MEDIAN COSTS (2)	2016 MEDIAN COSTS (2)
DIRECT CARE				
PEER GROUP 1	\$76.07		\$111.42	\$117.91
PEER GROUP 2	80.29		120.10	134.21
PEER GROUP 3	88.36		156.60	187.00
ROUTINE				
PEER GROUP 1	\$76.78		\$76.00	\$79.38
PEER GROUP 2	75.41		75.26	78.38
PEER GROUP 3	94.46		130.34	157.84